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Before the  
Federal Communications Commission  
Washington D.C.

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

Interconnection Between  
Local Exchange Carriers and  
Commercial Mobile Radio Service Providers

CC Docket No. 95-185

Equal Access and Interconnection  
Obligations Pertaining to  
Commercial Mobile Radio Services

CC Docket No. 94-54

To: The Commission

**REPLY COMMENTS**

Point Communications Company ("Point") hereby submits the following reply comments about the reciprocal termination proposals in this proceeding.

Local exchange carriers ("LEC's") have opposed reciprocal termination on the grounds that there are more outgoing calls from cellular and other mobile systems than incoming calls, citing ratios of about 80% outgoing and 20% incoming. They assert that this imbalance would result in a net subsidy to cellular, PCS, and other mobile carriers in a reciprocal termination regime.

This argument assumes that the cost of termination by LEC's for outgoing calls equals the cost of termination by mobile carriers for incoming calls. But that is not so.

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The cost for mobile carriers to terminate incoming calls is at least four to five times the cost that LEC's incur to terminate outgoing calls. This cost differential easily offsets the imbalance between incoming and outgoing calls on cellular and mobile systems. As such, the reciprocal termination proposal would not be unfair to the LEC's and would not result in a subsidy to mobile carriers.

Why is the cost of termination higher for mobile carriers in comparison to LEC's? Both have advanced electronic switching systems. But the switching and control systems for a cellular or PCS system are far more complex and costly than a landline switch. For each incoming call, the mobile switching and control system must locate the mobile phone, select the appropriate cell site, control the power level of the mobile phone, and perform subscriber verification and anti-fraud screening functions. This requires extremely costly hardware, software, and skilled personnel -- costs that are never incurred by an LEC.

In addition, cellular and PCS systems experience a far higher level of true depreciation due to the short lifespan of radio transmitting equipment in comparison to the much longer life of copper cable in the local loop. This disparity is evident in the depreciation lives which are allowed for these items by the Internal Revenue Service. This disparity is exacerbated by the rapid obsolescence of technology in mobile services. In the course of ten years, cellular has transitioned from analog modulation, to first generation TDMA, to second generation TDMA and CDMA. Each transition required a rebuilding of the radio transmitting and switching control portions of the cellular infrastructure. LEC's have not experienced product cycle costs anywhere near this dimension.

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Major cost differences also have arisen from the provision of mobile phones to customers below cost by cellular carriers in response to the competitive marketplace -- costs which LEC's, as de facto monopolies, do not incur. This mobile-phone infrastructure cost is huge, and is approaching the cost of the base station network itself. In contrast, LEC customers purchase their own phones from electronics stores at full price, which enables LEC's to escape this type of infrastructure cost.

Customer service for mobile carriers is also more expensive to provide because programming mobile phones for the customer's use is far more complex than plugging a landline phone into a wall socket. Mobile carriers tend to have far more customer inquiries on how to use mobile phones, which are relatively complex, and on where service is available because of radio coverage limitations.

The cost of wireless fraud, which is inherent in any mobile system, is another huge expense which is avoided by LEC's. This is because an LEC knows where its line physically terminates, whereas a mobile communications system does not.

All these costs are integral to the mobile system's task of terminating an incoming call. They add up to a cost disparity that eclipses -- by many times over -- the cost of termination incurred by an LEC.

Accordingly, the disparity in volume between incoming and outgoing traffic is more than offset by the inherent differences in cost of termination between mobile carriers and

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LEC's. Reciprocal termination would not be unfair to the landline companies and would not result in a subsidy to wireless service providers.

Respectfully submitted,

~~Point Communications Company~~

  
John Hearne, Chairman

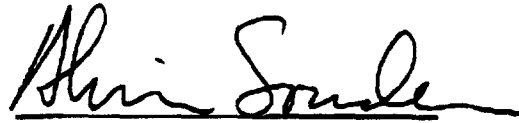
Dated: March 25, 1996

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**Certificate of Service**

I hereby certify that a copy of the foregoing Reply Comments  
is being sent by first class mail to each of the parties of record in this proceeding.

  
Alvin Souder